



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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www.boe.ca.gov

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Two Los Angeles Tobacco Distributors Defraud State of More Than \$1 Million

Sacramento – Two Los Angeles men were sentenced on July 19 for defrauding the State of California of more than \$1 million in state tobacco excise taxes, announced Chairman Jerome E. Horton of the California State Board of Equalization (BOE).

The two men, Atif Henan, 59, of Los Angeles, and Samy Girgis, 60, of Norwalk, partners in, Classic Wholesale, a licensed Los Angeles tobacco distributorship were sentenced by U.S. District Judge John A. Mendez to 27 months and 21 months in prison respectively for their roles in the tax fraud scheme.

“Every year California loses billions of dollars to tax fraud and illegal operators who make up the underground economy,” said Horton. “These criminals deprive the state of money that could be spent on schools, public safety, hospitals, and other essential services.”

This case was investigated by a special task force consisting of the State Board of Equalization (BOE), California Attorney General’s office, U.S. Attorney’s Office, and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

“We are fighting back by working closely with law enforcement and other agencies to investigate and prosecute criminals as well as sound the alarm about the damage the underground economy is doing to California,” said Horton.

In 2007, the BOE estimated the State lost approximately \$90 million in unstamped tobacco excise taxes to contraband distributors, and approximately \$120 million in excise taxes for taxed stamped tobacco like cigarettes.

The BOE is partnering with Senator Curren D. Price Jr. on SB 1185 to reduce criminal activity and level the playing field for California businesses by creating a Centralized Intelligence Partnership (CIP). It would create a central location for the BOE, the Franchise Tax Board, and the Employment Development Department to share information aimed at investigating, exposing, and prosecuting illegal operators as well as creating a statewide evasion hotline for the public to anonymously report illegal activities.

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Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization’s Legislative

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Committee Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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